

CARIBOO GOLD QUARTZ

MINING COMPANY LIMITED (N.P.L.)

FORTY-FIRST ANNUAL REPORT 1967

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED

(N.P.L.)

DIRECTORS

J. ROYDEN MORRIS Vancouver, B.C.
Dr. H.L. MacDOUGALL Seattle, Wash.
G.R. SHARPE Ladner, B.C.
ROY RICKS Chicago, Ill.
F.A. McGONIGLE Vancouver, B.C.

OFFICERS

J. ROYDEN MORRIS President
G.R. SHARPE Vice-President
J. HENNIG Secretary

MANAGER

SYDNEY DANNHAUER Wells, B.C.

CONSULTING ENGINEER

Dr. DOUGLAS D. CAMPBELL, P.Eng., PhD. Vancouver, B.C.

TRANSFER AGENTS

MONTREAL TRUST COMPANY Vancouver, B.C.
Toronto, Ontario

AUDITORS

McDONALD, CURRIE & CO. Vancouver, B.C.

HEAD OFFICE

915 - 675 WEST HASTINGS STREET Vancouver, B.C.

MINE OFFICE

WELLS, B.C.

ANNUAL MEETING - Thursday, June 27th, 1968, McKenzie Room, Hotel Grosvenor, 840 Howe Street, Vancouver, B.C.

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED

(NON-PERSONAL LIABILITY)

AR19

913 ROYAL BANK BUILDING • 675 WEST HASTINGS ST.
VANCOUVER 2, B.C.

TELEPHONE MUTUAL 5-5540

To the Shareholders:

It is with regret and deep personal disappointment that I write this letter to tell you that we are going to discontinue mining operations at Wells until we get a substantial increase in the price of gold. Date of closure will be April 15th, 1967.

During the past year we made an operating or cash profit of \$134,000 (unaudited). However, projected increased expenses for 1967, together with disappointing development results in the search for higher grade ore bodies, necessary to survive, have caused your directors to come to this decision.

In 1966 your mine produced 20,316 ounces of gold from the treatment of 28,877 tons of ore. This produced a revenue of \$973,194 made up as follows: \$766,444 gold bullion sales and \$208,749 of EGMA subsidy. Our net profit for the year was \$87,663 (unaudited).

Your company is in a strong financial position. By summer, cash from operations, government subsidies and readily disposable assets could amount to between \$350,000 and \$450,000. Your directors intend to invest these funds in revenue producing situations, securities and some exploration with the hope that from now on a small annual distribution can be made to you, our shareholders.

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We are very pleased to inform you, too, that Mr. Roy Ricks, of Chicago, a Captain with American Airlines, and Mr. Murray Pezim, Financier, of Vancouver, have been elected to your board. These two new directors, we believe, will contribute greatly to the future growth of your company.

Yours very truly,

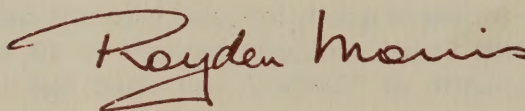
A handwritten signature in dark ink, reading "J. Royden Morris". The signature is fluid and cursive, with the first name "J." and last name "Morris" clearly legible. The middle name "Royden" is written in a more stylized, cursive script.

J. Royden Morris
President

In conclusion we would like to emphasize that the potential value of the Strachan area project is of very great significance. This can also be said of the exploration program of our mining property at Wells — Barkerville.

We wish to thank all our loyal and hard working staff most sincerely for their efforts during the past year. Also this report would not be complete without acknowledging the ever ready advice and assistance of our government member for the Cariboo, Mr. Robert Bonner, now Vice President of MacMillan Bloedel Ltd.

On behalf of the Board

A handwritten signature in dark ink, reading "Royden Morris". The signature is fluid and cursive, with the first name "Royden" written in a larger, more prominent script than the last name "Morris".

Royden Morris
President

MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

INTERNATIONAL FIRM
COOPERS & LYBRAND

TELEPHONE 682-7821
900 WEST HASTINGS STREET
VANCOUVER 1, BRITISH COLUMBIA, CANADA

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of The Cariboo Gold Quartz Mining Company Limited (N.P.L.) as at December 31, 1967 and the statements of earnings, deficit and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B. C.
April 30, 1968

McDonald, Currie & Co.

CHARTERED ACCOUNTANTS

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

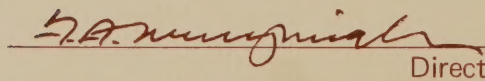
BALANCE SHEET AS AT DECEMBER 31, 1967

A S S E T S

	1967 \$	1966 \$
CURRENT ASSETS		
Cash	47,942	25,630
Marketable securities - at cost (quoted value \$84,534)	92,170	
Bullion settlements outstanding		66,868
Sundry accounts receivable	23,622	1,888
Receivable under The Emergency Gold Mining Assistance Act	26,502	93,290
Supplies - at estimated net realizable value (note 2)		35,403
Prepaid expenses		3,978
	<u>190,236</u>	<u>227,057</u>
INVESTMENT IN SUBSIDIARY COMPANIES (notes 1 and 3)	<u>20,003</u>	<u>20,003</u>
FIXED ASSETS (notes 1 and 2)		
Buildings, machinery and equipment - at estimated net realizable value	<u>100,000</u>	<u>250,000</u>
MINERAL, OIL AND GAS PROPERTIES (notes 1, 4 and 5)		
Mineral properties, at cost and nominal value	6,276	3,602
Oil leases, at nominal value	1	1
Participating interest in farm-out well project, at cost	<u>50,735</u>	
	<u>57,012</u>	<u>3,603</u>
	<u>367,251</u>	<u>500,663</u>

SIGNED ON BEHALF OF THE BOARD


Director


Director

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

BALANCE SHEET AS AT DECEMBER 31, 1967

LIABILITIES

	1967 \$	1966 \$
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	5,504	84,627
Wages payable		16,270
	<u>5,504</u>	<u>100,897</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized - 4,000,000 common shares of the par value of \$1 each		
Issued and fully paid -		
2,560,809 common shares	2,560,809	2,560,809
Less discount on shares (net of premium)	<u>476,947</u>	<u>476,947</u>
	2,083,862	2,083,862
DEFICIT	<u>1,722,115</u>	<u>1,684,096</u>
	<u>361,747</u>	<u>399,766</u>
	<u>367,251</u>	<u>500,663</u>

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1967

	1967 \$	1966 \$
BALANCE - BEGINNING OF YEAR	1,684,096	777,451
Net earnings for the year	<u>17,994</u>	<u>14,619</u>
	<u>1,666,102</u>	<u>762,832</u>
Cost of mineral claims abandoned, including current exploration and development thereof	6,151	22,987
Shut-down expense (note 2)	<u>49,862</u>	<u>898,277</u>
	<u>56,013</u>	<u>921,264</u>
BALANCE - END OF YEAR	<u><u>1,722,115</u></u>	<u><u>1,684,096</u></u>

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967

	1967 \$	1966 \$
BULLION PRODUCTION	<u>208,659</u>	<u>770,963</u>
OPERATING COSTS		
Current mine development	13,825	176,449
Mining	134,000	455,262
Milling	43,133	141,033
Mine overhead and townsite expenses	23,465	45,051
Administration and general expense (note 7)	32,071	31,052
Interest	<u>490</u>	<u>4,427</u>
	246,984	853,274
Less: Cost-aid recovery	<u>56,319</u>	<u>208,700</u>
	<u>190,665</u>	<u>644,574</u>
EARNINGS BEFORE THE UNDERNOTED ITEMS	<u>17,994</u>	<u>126,389</u>
Depreciation		14,320
Amortization of deferred mine development		59,898
Outside exploration		<u>37,552</u>
		<u>111,770</u>
NET EARNINGS FOR THE YEAR (notes 2 and 6)	<u>17,994</u>	<u>14,619</u>

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 1967

	1967 \$	1966 \$
SOURCE		
Operations (note 9)	17,994	94,883
Advances repaid by subsidiaries		3,740
Sale of fixed assets	<u>118,526</u>	
	<u>136,520</u>	<u>98,623</u>
USE		
Exploration and development written off	2,550	
Purchase of fixed assets		7,314
Deferred mine development		29,030
Mineral claims	6,275	3,600
Participating interest in farm-out well project	50,735	
Supplies inventory written down (note 2)	<u>18,388</u>	<u>12,000</u>
	<u>77,948</u>	<u>51,944</u>
INCREASE IN WORKING CAPITAL	58,572	46,679
WORKING CAPITAL - BEGINNING OF YEAR	<u>126,160</u>	<u>79,481</u>
WORKING CAPITAL - END OF YEAR	<u><u>184,732</u></u>	<u><u>126,160</u></u>
REPRESENTED BY:		
Current assets	190,236	227,057
Current liabilities	<u>5,504</u>	<u>100,897</u>
Working capital - end of year	<u><u>184,732</u></u>	<u><u>126,160</u></u>

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1967

1. VALUES

The amounts shown for investments, fixed assets, mineral properties, participating interest in farm-out well and oil leases represent costs to date or costs less amounts written off to date and are not intended to reflect present or future values.

2. TERMINATION OF OPERATIONS

The company ceased operation of its gold mine at Wells, B.C. on April 15, 1967. As a result of the closure of the mine the inventory of supplies, buildings, machinery and equipment were written down to estimated net realizable value by a charge to deficit of \$49,862 designated as "Shut-down expense".

3. INVESTMENT IN SUBSIDIARY COMPANIES

Consolidated financial statements have not been prepared because the operations of the Wells Townsite Company Limited, Gold Quartz Hospital Limited, Williams Creek Gold Quartz Mining Company Limited (N.P.L.) and French Mines Ltd. (N.P.L.) are presently inactive. These companies had no profits or losses during the year.

The investment in shares of subsidiary companies is shown at nominal value being cost less amounts written off to deficit:

	1967 \$	1966 \$
The Wells Townsite Company Limited (wholly-owned)	1	1
Gold Quartz Hospital Limited (wholly-owned)	1	1
Williams Creek Gold Quartz Mining Company Limited (N.P.L.)	20,000	20,000
French Mines Ltd. (N.P.L.) (wholly-owned)	<u>1</u>	<u>1</u>
	<u>20,003</u>	<u>20,003</u>

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1967

4. MINERAL PROPERTIES

The company has acquired the twenty-two mineral claims located in East-Loon-McTavish Township, Thunder Bay, Ontario for a total cost of \$6,275. The mineral properties at Wells, B.C. are carried in the accounts at a nominal value of \$1.

5. PARTICIPATING INTEREST IN FARM-OUT WELL PROJECT

By an agreement dated July 19, 1967 between the company and Stampede Oils Limited, Stampede Oils assigned to the company a 5% participating interest in a farm-out agreement made as at April 11, 1967 between Stampede Oils as Farmee and the British American Oil Company Limited as Farmor. This 5% interest is recorded at cost to date of \$50,735.

By the same agreement, Stampede Oils assigned to the company a 5% interest in its interest in any additional lands acquired by Stampede Oils under an agreement between Stampede Oils Limited and Amerada Petroleum Corporation.

By the terms of the agreement, the company is obligated to pay to Stampede 5% of their costs of drilling the farm-out well and acquisition of additional lands. However, the company shall not be required to contribute in excess of \$25,000 unless it agrees to do so.

The Farmee, Stampede Oils, is required to pay to the Farmor, B.A. Oil, a maximum gross overriding royalty of fifteen percent on all production from the farm-out well.

Within thirty days of receipt by the Farmor from the Farmee that the Farmee has recovered from the production of the well its entire drilling and completion costs, the Farmor has the right to convert its gross overriding royalty interest to an undivided 50% interest in the farm-out well. If the Farmor exercised its right to convert, the interest of the company would be reduced from 5% to 2-½%.

6. INCOME TAXES

After deducting depletion allowance under the Income Tax Act, no income taxes are payable.

7. REMUNERATION TO DIRECTORS

Total remuneration paid to a director of the company during the year was \$3,600. There was no remuneration paid to the other company directors.

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1967

8. SUBSEQUENT EVENT

Subsequent to December 31, 1967, the directors approved an expenditure of \$50,000, being part of an exploration program of approximately \$200,000, for the initial phase of an exploration program recommended in a consultant's report on the additional potential ore reserves on the company's mineral properties at Wells, B.C.

9. WORKING CAPITAL

Working capital provided by operations is as follows:

	1967 \$	1966 \$
Operations	17,994	<u>14,619</u>
Add: Charges not depleting working capital -		
Depreciation		14,320
Amortization of deferred mine development		59,898
Losses of subsidiary companies		9,766
Management fee and rent charged to subsidiary company		<u>(3,720)</u>
		<u>80,264</u>
Working capital provided	<u>17,994</u>	<u>94,883</u>

Review of Operations

YEAR	TONS MILLED	GRADE OF MILL HEADS	GOLD OZS. PRODUCED	AVERAGE GRADE OF TAILINGS	RECOVERY PER CENT	TONS ORE RESERVES	ORE RESERVE GRADES	FEET OF DEVELOP- MENT	FEET OF DIAMOND DRILLING	GROSS VALUE OF BULLION PRODUCED	E.G.M.A.	NET EARNINGS PER SHARE (CENTS)	DIVI- DENDS PAID PER SHARE (CENTS)
1933	21,668	.441	8,395	.0543	87.77	29,800		7,417	3,303	\$ 260,841	---	2	---
1934	28,835	.405	11,014	.0234	94.24	99,676	.416	18,217	---	381,851	---	2.3	---
1935	45,692	.415	17,633	.0257	93.82	152,588	.404	10,123	2,549	621,227	---	9.7	2.5
1936	53,672	.395	19,995	.0197	95.01	209,636	.416	8,384	5,043	700,282	---	15.4	10.0
1937	71,843	.451	30,541	.0204	95.48	246,236	.457	6,953	5,248	1,068,835	---	24.9	11.5
1938	104,341	.434	43,060	.0211	95.13	302,165	.438	16,730	9,807	1,517,562	---	34.2	17.0
1939	109,662	.446	46,601	.0226	94.95	428,588	.436	17,891	7,848	1,707,863	---	37.09	21.0
1940	113,802	.407	43,830	.0211	94.81	435,456	.417	16,331	20,629	1,688,643	---	27.2	24.0
1941	129,659	.402	49,315	.0206	94.87	441,672	.397	16,701	14,511	1,900,008	---	19.0	23.0
1942	87,466	.412	34,762	.0209	94.95	423,311	.398	5,334	4,549	1,339,431	---	8.1	13.0
1943	35,814	.464	15,907	.0190	95.90	390,180	.390	329	---	612,740	---	---	4.0
1944	33,968	.427	13,665	.0166	96.11	360,415	.388	424	---	526,418	---	---	---
1945	36,393	.387	13,303	.0181	95.32	322,250	.382	477	1,529	512,587	---	---	---
1946	45,509	.329	14,092	.0177	94.61	322,250	.382	3,498	6,229	530,408	---	---	---
1947	88,535	.249	20,899	.0158	93.66	238,740	.320	4,362	17,243	732,766	---	---	---
1948	70,267	.329	21,251	.0264	91.97	214,740	.300	2,393	3,889	745,474	\$116,673	---	---
1949	68,637	.338	21,850	.0198	94.14	207,740	.320	1,489	11,801	806,195	102,677	---	---
1950	58,688	.391	21,737	.0210	94.64	165,160	.350	2,722	16,892	825,505	78,401	---	---
1951	71,618	.368	24,811	.0224	93.94	195,020	.371	6,899	32,917	909,736	166,008	---	---
1952	71,140	.362	24,451	.0182	94.96	143,480	.390	5,849	15,110	836,418	163,253	---	---
1953	75,208	.363	26,080	.0160	95.59	144,550	.407	6,295	7,922	899,178	211,246	---	---
1954	80,816	.421	33,039	.0128	96.96	221,855	.418	6,918	8,839	1,126,826	252,178	4.24	---
1955	108,652	.396	41,464	.0140	96.47	203,445	.420	7,667	13,173	1,436,151	241,774	.55	---
1956	94,721	.446	41,117	.0128	97.22	212,650	.425	4,542	9,221	1,418,471	161,853	5.20	---
1957	90,796	.440	38,757	.0132	97.00	153,468	.395	3,867	12,045	1,305,140	186,422	1.42	---
1958	66,880	.438	27,892	.0204	95.32	135,421	.393	5,125	12,024	950,373	223,163	---	---
1959	46,586	.398	17,746	.0165	95.77	127,510	.421	4,073	11,563	597,939	182,387	---	---
1960*	39,113	.518	19,555	.0182	96.48	71,485*	.504*	4,936	15,452	667,214	200,794	---	---
1961*	37,944	.552	20,243	.0186	96.63	91,456*	.540*	4,539	15,322	722,927	208,048	1.06	---
1962*	38,638	.500	18,624	.0182	96.36	69,150*	.500*	4,533	23,466	701,218	191,362	---	---
1963*	34,702	.547	18,308	.0191	96.51	87,860*	.588*	6,222	25,052	695,537	188,119	---	---
1964*	32,073	.639	19,867	.0192	97.00	64,850*	.530*	7,834	22,612	755,191	204,136	2.20	---
1965*	28,862	.660	18,491	.0190	97.12	78,450*	.590*	5,295	15,439	702,151	189,994	1.40	---
1966*	28,877	.700	20,316	.0190	97.12			5,580	11,900	770,300	208,800	---	---
Totals	2,151,077		856,611		*Aurum mine only			231,159	383,127	30,973,400	3,477,388		\$1.26

